



October 14, 2011

Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Genachowski and Commissioners:

As the Commission enters its final deliberations on universal service reform, we write to reiterate the concerns expressed by Alaska's Congressional delegation that the reforms proposed in this proceeding "would jeopardize Alaska's ongoing deployment of advanced telecommunications services, including both wireline and wireless services, necessary for Alaskans to have the benefits of services enjoyed by others."¹

We respectfully draw your attention to the fact that we agree on the basic framework that should govern universal service reform in Alaska, and that will permit the continued investment in and deployment of twenty-first century telecommunications and broadband services in Alaska.

The Alaska-based ETCs/CETCs have proposed in various filings a plan for universal service reform that has the following common elements:²

- **Federal high-cost support should be capped at the total amount of support dispersed to ETCs in the state in 2010.** Specifically, the total amount of ILEC support, including interstate common line support ("ICLS") and high-cost loop support ("HCLS"), as well as CETC support disbursed for each study area in 2010 would make up the Alaska CAF budget. This would be approximately \$219 million per year for the period 2012 to 2022.
- For Alaska ILECs, threshold Alaska CAF support should be disbursed at the same amount per study area as the ILEC received for the 2010 funding year. This amount should remain frozen for a minimum period of ten years, from 2012 to 2022.
- For Alaska CETCs, threshold Alaska CAF support should be frozen at the same per-line amount as the CETC received in the 2010 funding year. There should be no "one to a market" rule for ETCs in Alaska, and no limit on the number of service providers eligible to receive support in any area.

¹ Letter of Senator Mark Begich, Senator Lisa Murkowski, and Representative Don Young, to Julius Genachowski, FCC Chairman, dated October 5, 2011.

² See Reply Comments of the Alaska Rural Coalition at 3-4 (filed September 6, 2011); Comments of Alaska Communications Systems Group at 12-14 (file August 24, 2011); Attachment to Letter of John T. Nakahata, Counsel to General Communication Inc. to Marlene H. Dortch, Secretary FCC, dated September 23, 2011; Comments of General Communication Inc. at 24-26 (filed August 24, 2011).

- If an increase in the number of CETC subscribers causes demand for CETC funding to exceed the Alaska CAF budget in any funding year, support for that year and subsequent years may be redirected according to the following series of steps (where only those steps necessary to bring the Alaska CAF within the budget in any funding year will be taken that year):
 - First, in any funding year, reduce by up to 15 percent the amount of per-line Alaska CAF support of any CETC whose per-line support exceeds the average monthly support for study areas with fewer than 500 lines (currently about \$380 per line per month);
 - Second, in any funding year reduce both ILEC study area Alaska CAF support and CETC per-line Alaska CAF support in the Anchorage study area by not more than 20 percent of the 2010 amount;
 - Third, reduce to the extent necessary the ILEC study area Alaska CAF support and CETC per-line Alaska CAF support in the Fairbanks, Juneau and Greatland study areas, provided that such support may not fall below 90 percent of the 2010 amount.

We agree that the FCC should adopt these steps as part of its universal service reform order.

There would remain two issues that should be the subject of a Further Notice of Proposed Rulemaking:

- What happens if the above-prescribed steps are not sufficient to bring the Alaska CAF within the budget cap?
- What should be the broadband performance requirements and where and when should those apply, given Alaska's diverse and challenging middle mile environment?

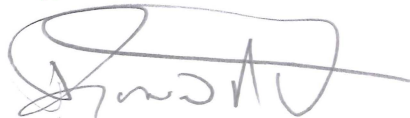
We believe these issues could be resolved in a timely manner before they would become significant.

As our Congressional delegation pointed out, Alaska remains a substantially underserved state. Many communities lack access not only to advanced broadband capability, but even to basic wireless connectivity – which in these remote areas is a matter of public safety as well as an economic issue. Accordingly, we urge the Commission in its forthcoming order to address the unique challenges of providing critical broadband communications infrastructure and services in Alaska.

Sincerely,



Anand Vadapalli
President and Chief Executive Officer
Alaska Communications Systems Group, Inc.



Ronald Duncan
President and Chief Executive Officer
General Communication, Inc.